

CHICAGO AND



TRANSPORTATION COMPANY

14760

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CORPORATE COMMUNICATIONS AND SECRETARY

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION ICC Washington, D.C.

Mr. James H. Bayne, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

AUG 5 1985 12 25 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Equipment Lease covering two (2) used high rail rerailling cranes and Assignment of Lease both dated August 1, 1980, and Agreement dated July 1, 1981 which amends the Equipment Lease.

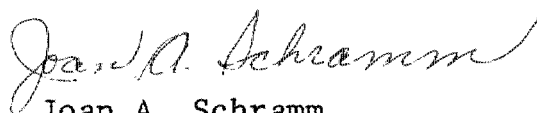
The names and addresses of the parties to these transactions are as follows:

1. Equipment Lease between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.
2. Assignment of Lease between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and First National Bank of Blue Island, 13057 South Western Avenue, Blue Island, Illinois 60406 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.
3. Agreement between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.

Mr. James H. Bayne
August 2, 1985
Page Two

Enclosed are three checks for \$10.00 each to cover your recording fees. Please record these documents in the order shown above, assigning a sequential recordation number. Kindly keep one copy of each for your files and return the remaining counterparts to me each showing recordation data.

Sincerely,



Joan A. Schramm
Assistant Secretary

Enclosures

cc: R. D. Smith
R. F. Guenther
M. R. Jeske
D. E. Stockham, Attn: P. J. Brod
Arthur Andersen & Co.,
Attn: P. Keglevic

D6/22rb

14760
REGISTRATION NO. FILED 1425

AUG 5 1985 12 25 PM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of August 1, 1980

Between

MARBLE ASSOCIATES

LESSOR

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

LESSEE

SECTION 1.

PURCHASE AND DELIVERY OF EQUIPMENT

| | |
|-------------|---|
| Section 1.1 | Purchase, Acceptance and Lease.....1 |
| Section 1.2 | Delivery and Acceptance of Equipment.....2 |
| Section 1.3 | Lessee's Satisfaction with Equipment Conformance with Specifications and Requirements.....2 |

SECTION 2.

RENTAL AND PAYMENT DATES

| | |
|-------------|------------------------------|
| Section 2.1 | Rentals for Equipment.....2 |
| Section 2.2 | Place of Rent Payments.....3 |
| Section 2.3 | Net Lease.....3 |

SECTION 3.

TERM OF THE LEASE5

SECTION 4.

OWNERSHIP AND MARKING OF EQUIPMENT

| | |
|-------------|--|
| Section 4.1 | Retention of Title.....5 |
| Section 4.2 | Duty to Number and Mark Equipment.....6 |
| Section 4.3 | Prohibition Against Certain Designations.....6 |

SECTION 5.

DISCLAIMER OF WARRANTIES7

SECTION 6.

LESSEE'S INDEMNITY

| | |
|-------------|--|
| Section 6.1 | Scope of Indemnity.....7 |
| Section 6.2 | Continuation of Indemnities and Assumptions..8 |

| | |
|---|---|
| <u>SECTION 7.</u> | |
| <u>RULES, LAWS AND REGULATIONS</u> |9 |
| <u>SECTION 8.</u> | |
| <u>USE AND MAINTENANCE OF EQUIPMENT</u> |9 |
| <u>SECTION 9.</u> | |
| <u>LIENS ON THE EQUIPMENT</u> |10 |
| <u>SECTION 10.</u> | |
| <u>FILING, PAYMENT OF FEES AND TAXES</u> | |
| Section 10.1 | Filing.....11 |
| Section 10.2 | Taxes.....11 |
| <u>SECTION 11.</u> | |
| <u>INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE</u> | |
| Section 11.1 | Insurance.....12 |
| Section 11.2 | Casualty Occurrence and Duty of Lessee to Notify Lessor.....14 |
| Section 11.3 | Payment for Casualty Occurrence.....15 |
| Section 11.4 | Rent Termination.....15 |
| Section 11.5 | Disposition of Equipment.....15 |
| Section 11.6 | Casualty Value.....16 |
| Section 11.7 | Risk of Loss.....16 |
| Section 11.8 | Eminent Domain.....16 |
| <u>SECTION 12.</u> | |
| <u>ANNUAL REPORTS</u> |17 |

SECTION 13.

LESSEE'S RIGHT TO PURCHASE17

SECTION 14.

RETURN OF THE EQUIPMENT UPON EXPIRATION OF TERM14

SECTION 15.

DEFAULT

| | | |
|--------------|--|----|
| Section 15.1 | Events of Default..... | 15 |
| Section 15.2 | Remedies..... | 17 |
| Section 15.3 | Cumulative Remedies..... | 18 |
| Section 15.4 | Lessor's Failure to Exercise Rights..... | 19 |

SECTION 16.

RETURN OF EQUIPMENT UPON DEFAULT

| | | |
|--------------|--------------------------------------|----|
| Section 16.1 | Lessee's Duty to Return..... | 19 |
| Section 16.2 | Specific Performance..... | 19 |
| Section 16.3 | Lessor Appointed Lessee's Agent..... | 20 |

SECTION 17.

ASSIGNMENTS BY LESSOR20

SECTION 18.

ASSIGNMENTS BY LESSEE; USE AND POSSESSION

| | | |
|--------------|--|----|
| Section 18.1 | Lessee's Rights to the Equipment..... | 21 |
| Section 18.2 | Use and Possession..... | 21 |
| Section 18.3 | Merger, Consolidation or Acquisition of Lessee..... | 22 |

SECTION 19.

INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.22

SECTION 20.

MISCELLANEOUS

| | | |
|---------------|---|----|
| Section 20.1 | Lessor's Representations, Warranties and Indemnities..... | 22 |
| Section 20.2 | Events Prior to Lessee's Acceptance of Equipment..... | 23 |
| Section 20.3 | Lessee not Liable for Loss of Tax Benefit... | 23 |
| Section 20.4 | Notices..... | 23 |
| Section 20.5 | Right of Lessor to Perform..... | 24 |
| Section 20.6 | Execution in Counterparts..... | 24 |
| Section 20.7 | Law Governing..... | 24 |
| Section 20.8 | Headings and Table of Contents..... | 24 |
| Section 20.9 | Severability..... | 24 |
| Section 20.10 | Calculation..... | 24 |

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of August 1, 1980 between MARBLE ASSOCIATES, an Illinois Limited Partnership (the "Lessor") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Lessee"):

W I T N E S S E T H:

That for and in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned the parties hereby agree as follows:

SECTION 1. PURCHASE AND DELIVERY OF EQUIPMENT

1.1 Purchase, Acceptance and Lease. The Lessor in July and August 1979 purchased one Pettibone 100-ton rerailling crane (the "Pettibone crane") and one Holmes 75-ton rerailling crane (the "Holmes crane") described in Schedule A hereof (individually, a "unit" or "unit of Equipment" and collectively, the "Equipment"), executed an Installment Note in July of 1979 providing for 27 quarterly payments terminating on June 14, 1986 (the "Note"), the proceeds of which were used to finance part of the cost of the Equipment, and to secure the Note, entered into an Assignment of Lease with First National Bank of Blue Island (the "Secured Party") under which the Lessor assigned to the Secured Party certain rights in an Equipment Lease dated as of May 9, 1979 (the "Prior Lease") between the Lessor and William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Rock Island Trustee"). The Lessor and Lessee have heretofore entered into a letter agreement dated July 21, 1980 which provides the basis for this Lease. The Lessor, the Secured Party and the Lessee are entering into an Assignment of Lease dated as of the date hereof (the "Security Agreement") to secure the Note. Upon delivery of the Equipment and the acceptance of such Equipment as provided in Section 1.2 hereof, the Lessor shall lease and let such Equipment to the Lessee and the Lessee shall hire such Equipment from the Lessor for the rental on and subject to the terms and conditions herein set forth.

1.2 Delivery and Acceptance of Equipment. The Lessor will cause the Equipment to be tendered to the Lessee at the

locations and in the condition specified in, and otherwise as provided in, paragraph 4 of the Letter Agreement on or before August 30, 1980. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Equipment is found to be in good order, to accept delivery of such Equipment and to execute and deliver to the Lessor a Certificate of Acceptance in the form attached hereto as Schedule B (the "Certificate of Acceptance") with respect to such Equipment. Any Equipment accepted by the Lessee pursuant to the Letter Agreement prior to the effective date of this Lease shall be deemed to be delivered and accepted under this Section 1.2 as of the time of such earlier acceptance.

1.3 Lessee's Satisfaction with Equipment: Conformance with Specifications and Requirements. The Lessee's execution and delivery to the Lessor of a Certificate of Acceptance with respect to the Equipment shall conclusively establish that such Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Equipment is in good order and condition and appears to conform to the specifications applicable thereto; provided, however, that the Lessor shall not be relieved of the obligations arising from its representations hereunder or under the Letter Agreement with respect to the Equipment. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1 Rentals for Equipment. The Lessee agrees to pay the Lessor for each unit of the Equipment leased hereunder 28 consecutive equal quarterly installments of rental, payable quarterly in advance. Each such installment shall be \$13,247.52 for the Pettibone crane and \$12,228.48 for the Holmes crane. The first installment of rental for each such unit of Equipment shall be due and payable on the 31st day (such day being herein called the "First Rent Date") following the date on which the last unit of Equipment is accepted by the Lessee hereunder, and the balance of the rental installments shall be paid in consecutive three-month intervals thereafter.

If any of the rent payment dates are not business days, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays, and holidays on which banks in the state of Illinois are authorized or required to close.

2.2 Place of Rent Payment. The Lessor irrevocably instructs the Lessee to make all rental payments provided for in this Lease (i) for so long as the Security Agreement shall remain in effect, at the principal office of the Secured Party for the account of the Lessor payable to the Secured Party with instructions to the Secured Party, first, to apply such payments to satisfy the obligations of the Lessor in respect of the Note and the Security Agreement (and the Secured Party shall hold and apply each rental payment to satisfy the principal, interest and other obligations payable by the Lessor under the Note and the Security Agreement in the three-month period for which such rental has been paid in advance), and second, so long as no Event of Default hereunder or under the Security Agreement or the Note shall have occurred and be continuing, to pay any balance promptly to the Lessor and (ii) if the Security Agreement shall no longer be in effect, to the Lessor or as directed by the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees that it will make all payments due hereunder to the party to whom such payment is to be made, by check of the Lessee drawn on a bank located in Chicago, Illinois, and mailed to such party at the address so provided.

2.3. Net Lease. Except as hereinafter provided (i) this Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease (including for failure to deliver any unit of Equipment for acceptance on or before the date specified in Section 1.2 or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof), (ii) nor except as otherwise expressly provided herein, shall this lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of the Equipment from any cause whatsoever, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or for any other cause similar to the foregoing, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 15 hereof, the Equipment has been returned by the Lessee to the Lessor and stored by the Lessee for the Lessor for the full

period therein provided or leaves the Lessee's lines for off-line delivery to the Lessor; provided, however, that the foregoing clauses of this Section 2.3 shall not apply, and the Lessee shall be entitled to abatement or reduction of rent or any other relief permitted by law against the Lessor, its assignee or any other person, for any claim, loss, liability, damage, cost or expense (including counsel fees) which is asserted against the Lessee or which the Lessee does or could sustain, arising out of any untrue representation or breach of warranty of the Lessor hereunder or under the Letter Agreement.

Notwithstanding anything to the contrary contained in this Lease (i) so long as no Event of Default (as defined in Section 15) exists hereunder, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under Section 17, and (ii) to the extent that during the term of this Lease the Lessee shall be denied possession or use of any unit of Equipment as a result of the exercise of any right or remedy of the Lessor, the Secured Party, or any other party claiming through or under the Lessor, (but not as a result of an Event of Default hereunder), the Lessee shall have no obligation to make rental payments for such unit with regard to periods subsequent to and during its loss of such possession or use of such unit.

SECTION 3. TERM OF THE LEASE.

The term of this Lease for the Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Equipment hereunder and shall terminate, subject to the provisions of Section 11, on the last day of the last of the 28 consecutive three-month periods which commence on the First Rent Date.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee. During the term of this Lease, the Lessor shall cause the Pettibone crane and the Holmes crane to be the subject of a motorized vehicle title issued by the states of Wisconsin and Illinois, respectively, (except as provided in Section 10.2 and 20.3, the costs, fees and expenses relating to all use, sales, leasing and related taxes, title registrations, title transfers and licensing activities to be paid by Lessee) and for each such crane, the Certificate of Title shall (i) show the Lessor as owner, with the notation "c/o Chicago and North Western Transportation Company, Lessee" and the Lessee's address for the base location of such crane, (ii) be retained by the Lessor, and (iii) reflect the security interest of the Secured Party.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Equipment, and will cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement Filed with the Interstate Commerce Commission", or other appropriate markings approved by the Secured Party and Lessor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's and Lessor's interest in the Equipment and their rights under this Lease. The Lessee will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party and Lessor by the Lessee and filed, recorded, and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

4.3 Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

EXCEPT AS PROVIDED IN SECTION 20.1, THE LESSOR LEASES THE EQUIPMENT AS-IS WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease so long as no

15.1 AH. JCB
Event of Default (as defined in Section 14.1 hereof) shall have occurred and be continuing, to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof.

SECTION 6. LESSEE'S INDEMNITY.

6.1 Scope of Indemnity. Except as hereinafter provided, the Lessee shall defend, indemnify and save harmless the Lessor, the parties who, as of the date hereof are partners in Lessor, Leasing Consultants, as Agent and the Secured Party and their respective successors, agents and assigns (the "Indemnified Parties") from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including, without limitation, the possession, construction, reconstruction, purchase, delivery, installation, ownership, leasing, return, sale or disposition of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of claims for negligence or strict liability in tort relating to the Equipment.

Notwithstanding anything to the contrary contained herein, the Lessee shall have no obligation to indemnify and save harmless the Indemnified Parties or any other entity from and against any claim or other matter referred to in subsections (a) or (b) of this Section 6.1 if such claim or matter arose, prior to, or as a result of events occurring prior to, the Lessee's acceptance of the Equipment hereunder or arises out of, or relates to, any failure of the Lessor to perform its obligations under the Letter Agreement or this Lease, any untrue representation or breach of warranty of the Lessor hereunder or thereunder, or any claim asserted by the Secured

Party or by any person having an interest in or claim against the Lessor or the Equipment not arising out of the Lessee's use of the Equipment. Provided that no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, the Lessee shall be subrogated to any right or any person indemnified pursuant to Section 6.1 in respect of the matter against which indemnity has been given. Any payments received by such indemnified person from any person (except the Lessee) as a result of any matter with respect to which such person has been indemnified by the Lessee shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

6.2 Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii), or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's delivering, storing, or transporting of the Equipment as provided in Section 16. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability, and may select such counsel as it deems appropriate in connection with such matter. The indemnities and assumptions of liabilities set forth in this Section 6 do not constitute a guaranty of payment of the Note.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee will at all times comply in all respects with all laws, requirements and rules (including, without limitation, with the interchange rules of the Association of American Railroads ["A.A.R."] to the extent applicable to the Equipment and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment and all relevant motor vehicle codes) as the same may be in effect from time to time, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Lessee will conform therewith, at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party and Lessor, adversely affect the property or rights of the Secured Party and Lessor under this Lease.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT. The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear.

The Lessee will at all times maintain the Equipment or cause the Equipment to be maintained in good order, condition and repair, ordinary wear and tear excepted, and at a level of maintenance comparable to that used for similar equipment owned or used by the Lessee. Any parts installed or replacements required to be made by the Lessee pursuant to Section 7 or 8 shall be considered accessions to the Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor.

The Lessee may make additions or improvements to the Equipment whether or not the same are readily removable without causing material damage to such Equipment. If the Lessee shall at its cost cause such additions or improvements to be made to the Equipment, the Lessee, at any time during the term of this Lease, may remove the same at its own expense provided the Lessee repairs any damage to the Equipment caused by such removal. If the Lessee has not purchased the Equipment at the end of the Lease term, title to any such additions or improvements which are not removed prior to the end of the Lease term shall be the Lessor's.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon the Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as: (a) it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable matter which will not affect or endanger the title and interest of the Lessor or the Secured Party in the Equipment, and (b) it shall have furnished the Lessor and the Secured Party with an opinion of counsel to such effect. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1 Filing. The Lessee, at its sole expense, will cause this Lease and the Security Agreement and any amendments or

supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of Title 49, United States Code; and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Secured Party and Lessor for the purpose of proper protection, to the satisfaction of counsel for the Secured Party and Lessor, of their interests in the Equipment and their rights under this Lease and the Security Agreement or for the purpose of carrying out the intention of this Lease; and the Lessee, at its expense, will promptly furnish to the Secured Party and Lessor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Secured Party and Lessor.

10.2 Taxes. All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or city net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license or registration fees, assessments, charges, fines and penalties (all such expenses, taxes, license fees, assessments, charges, fines levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any rental or other payment made with or measured by this Lease or any rental or other payment made hereunder or any ownership, lease, sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, the Lessee will also pay promptly all Impositions which may be imposed upon any Equipment or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon such Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of

Lessor or the Secured Party, adversely affect the title, property or rights of Lessor hereunder. If any Imposition shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall pay the Lessor on presentation of an invoice therefor if, in the reasonable opinion of Lessor, Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of its counsel) or the Lessee shall have approved the payment thereof, and the Lessor agrees to give the Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees, after payment by Lessee in accordance with this paragraph, to take, at Lessee's expense, such other action as may reasonably be requested by the Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such Imposition.

In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner which in the reasonable opinion of Lessor shall be required.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1 Insurance. The Lessee will, at all times during the term of this Lease, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto, in amounts (subject to Lessee's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it. The policies of insurance required under this Section 11.1 shall be valid and enforceable policies issued by insurers of recognized responsibility comparable to the Lessee's present insurers. The benefits of all property insurance shall be payable, so long as the Note and the Security Agreement shall not have been paid and performed in full, to the Secured Party and thereafter to the Lessor; and the Lessee will deliver certificates of insurance evidencing any property insurance effected or in force in accordance with the provisions of this Section. With respect to all public liability insurance, the Lessee shall cause each policy to cover the respective interests of the Lessor and the Secured Party for claims arising from the ownership, operation, maintenance or use of the Equipment and to name the Lessor, the parties who, as of the date hereof are partners in Lessor, Leasing Consultants as Agent and the Secured Party as additional insureds.

On an annual basis during the term of this Lease, the Lessee shall deliver to the Lessor and the Secured Party a verification of insurance coverage from Lessee's independent broker that such policies of insurance remain in effect (or, if such policies have been materially modified, the terms of such modified policies). Such policies may be blanket policies covering other equipment not covered by this Lease, provided that the aforementioned certificate shall indicate that Equipment leased hereunder is included therein and covered thereby. All such policies shall contain an agreement by the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Lessor and the Secured Party in the event of nonpayment of premium by the Lessee when due.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Lessee or condemnation payments received by the Lessor in respect of the Equipment suffering a Casualty Occurrence shall be applied to pay the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 11. If the Lessor shall receive any such net insurance proceeds or condemnation payments and the Lessee already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessee up to an amount equal to the casualty value with respect to such unit paid by the Lessee; provided, however, that if an Event of Default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, then the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11.3. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds (excluding public liability insurance) received by the Lessor or the Lessee with respect to a unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such item, but no such proceeds shall be paid to the Lessee until the Lessor and the Secured Party shall have received a certificate signed by an authorized officer of the Lessee to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11.3.

The Lessor and the Secured Party shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Secured Party or Lessor to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

11.2 Casualty Occurrence and Duty of Lessee to Notify Lessor. In the event that any unit of the Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease, or thereafter while the Equipment is in the possession of the Lessee pursuant to Section 16 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of the Lease (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Secured Party in regard thereto and shall pay the Casualty Value (as defined in Section 11.7 hereof) of such Equipment in accordance with the terms hereof.

11.3 Payment for Casualty Occurrence. In the event of a Casualty Occurrence with respect to the Equipment of which the Lessee has knowledge, the Lessee, on the next succeeding rental payment date, shall pay to the Lessor a sum equal to the Casualty Value of such Equipment as of the date of such payment. The installment of Rental in respect of the Equipment for which the Casualty Value is then being paid which would be otherwise due on such date of payment of the Casualty Value need not be paid if such Casualty Value is so paid.

11.4 Rent Termination. Upon (and not until) payment of the Casualty Value in respect of a unit of the Equipment, the obligation to pay rent for such Equipment accruing on and subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for any other unit of Equipment.

11.5 Disposition of Equipment. Provided no Default or Event of Default shall have occurred and be continuing or if, notwithstanding either such event, the Lessor shall have so directed, the Lessee shall, as agent for the Lessor, dispose of such Equipment having suffered a Casualty Occurrence as soon as it is able to do so in a commercially reasonable manner in its

then existing condition and location without representation or warranty, expressed or implied. As to the Equipment so disposed of and for which all rent and Casualty Value has been paid pursuant hereto, the Lessee may, provided no Default or Event of Default shall have occurred and be continuing, retain all amounts arising from such disposition plus, in the case of a Casualty Occurrence, any insurance proceeds and damages received by the Lessee up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Equipment. Any sale or other disposition pursuant to this Section 11.5 must be effective to fully divest the Lessor and the Secured Party of all their right, title and interest in and to, and all obligations of the Lessor with respect to such Equipment, and the Lessor shall execute and cause the Secured Party to execute Certificates of Title (and such other documents as may be reasonably requested) to that effect. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the sale or other disposition of any Equipment.

11.6 Casualty Value. The Casualty Value of each unit of Equipment shall be the amount, determined as of the date the Casualty Value is required to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence) set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment.

11.7 Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to the Equipment from and after the date of acceptance thereof and continuing throughout the term hereof and during any storage period provided in Section 16 hereof until: (a) payment of the Casualty Value and any rental due prior to the date of payment of such Casualty Value in respect of such unit of Equipment has been made, (b) the Equipment or the salvage thereof has been disposed of by the Lessee, and (c) the title to the Equipment or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of the Equipment or the salvage thereof.

11.8 Eminent Domain. In the event that during the term of this Lease the use of the Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the original term of this Lease in respect of the Equipment, the Lessee's obligation to pay rent

shall continue for the duration of the requisitioning or taking of the Equipment. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession of the Equipment.

SECTION 12. ANNUAL REPORTS.

On or before April 30 in each year, commencing in 1981, the Lessee shall furnish to the Secured Party and Lessor an accurate statement signed by an officer of the Lessee (a) setting forth, as of the preceding December 31, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Secured Party and Lessor may reasonably request, and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Section 4 hereof have been preserved or replaced. The Secured Party and Lessor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Secured Party and Lessor may request during the term of this Lease. The Lessee will promptly furnish to the Lessor as soon as available, and in any event within the 120 days after the end of each fiscal year of the Lessee, copies of the Lessee's annual financial statements; and as soon as available, and in three quarterly periods of the Lessee's fiscal year, copies of its unaudited quarterly financial statements.

SECTION 13. LESSEE'S RIGHT TO PURCHASE.

Upon the expiration of the term of this Lease, Lessee is obligated to purchase the Equipment at the fair market value for such Equipment; provided, however, that the Lessee shall have no obligation (but shall have the right) to purchase the Equipment if the Lessor has defaulted under this Lease or the Note and such default is not solely due to Lessee's default under the Lease.

SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF THE TERM.

Upon Lessee's failure to purchase the Equipment pursuant to Section 13 of this Lease, Lessee shall, within 30 days after the expiration of the term of this Lease, at Lessee's own cost and expense and at the request of Lessor, deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of the Equipment to the Lessor, the Lessee shall:

(a) Place such Equipment which is not purchased by Lessee in a reasonable storage place within 20 miles of Chicago, Illinois on Lessee's lines of railroad or premises as the Lessor and Lessee may reasonably agree upon;

(b) Permit the Lessor to store for up to 60 days such Equipment which is not purchased by Lessee in such reasonable storage place within 20 miles of Chicago, Illinois on the Lessee's lines of railroad or premises without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor. All storage after such period shall be at the risk, expense and liability of Lessor; and

(c) Transport such Equipment which is not purchased by Lessee within such 60 day period to any place within 20 miles of Chicago, Illinois on the lines of railroad operated by the Lessee or to any connecting carrier within 20 miles of Chicago, Illinois for shipment, all as the Lessor may reasonably direct in writing upon not less than 14 days notice.

SECTION 15. DEFAULT.

15.1 Events of Default. Any of the following events shall constitute an Event of Default ("Event of Default") hereunder:

(a) the Lessee shall fail to pay in full any payment of rent or Casualty Value payable by the Lessee as provided in this Lease when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days after written notice thereof from the Lessor; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or the unauthorized possession of any unit of Equipment under this Lease, and the Lessee shall, for more than 30 days after demand in writing by the Lessor, fail to secure reassignment or retransfer of this Lease or such unit; or

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding same to be remedied; or

(d) any material representation or warranty on the part of the Lessee made herein or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease is untrue in any material respect as of the date of issuance or making thereof; or

(e) a case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Lessee and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within 60 days after such case shall have been commenced, (A) all the obligations of the Lessee under this Lease shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as expenses of administration and obligations incurred by such trustee or trustees and (B) all Events of Default under subparagraphs (a), (b), or (c) of this Section 14.1 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other Events of Default under subparagraphs (a), (b), or (c) of this Section 14.1 which from time to time occur hereunder; or

(f) any other case or proceedings shall be commenced by or against the Lessee for any relief or adjudication which includes or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension (other than a law which does not permit any adjustment of the obligations of the Lessee hereunder), and, unless such case or proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or its property in connection with any such case or proceedings in such a manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers within 60 days after such case or proceedings shall have commenced; or

(g) the failure of the Lessee to purchase the Equipment when obligated to do so pursuant to Section 13 of this Lease.

15.2 Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; or

(b) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor, shall nevertheless, have a right to recover from the Lessee (which recovery shall be reduced by any rent paid in advance for the period after the date of such termination) any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the rents and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to the Equipment, which represents the amount by which the present worth, at the time of such termination, of all rentals for such Equipment which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease exceeds the greater of (A) the then present worth of the then Fair Rental Value of such Equipment for such period, such present worth to be computed in each case on a basis of a 10% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (B) the then Fair Market Value of such Equipment, or (y) an amount equal to the excess, if any, of the Casualty Value of such Equipment as of the rent payment date on or immediately following the date of termination over the Fair Market

Value thereof at such time; and (ii) any damages and expenses, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of Section 15.2 above, the Fair Rental Value for any unit of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of such unit of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or if such appraisers cannot agree on the amount of such value, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee provided that any rental in a commercially reasonable manner of any unit of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such unit. The expenses and fees of the Appraiser shall be borne by the Lessee.*

15.3 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. Except as otherwise expressly provided in this Lease, the Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and, except as aforesaid, agrees

* The Fair Market Value for any unit of Equipment shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expenses to be borne by the Lessee; provided that any sale in a commercially reasonable manner of any unit of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such unit and any rental in a commercially reasonable manner of any unit of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such unit.

to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

15.4 Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 16. RETURN OF EQUIPMENT UPON DEFAULT.

16.1 Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 17 hereof shall terminate this Lease pursuant to Section 15 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of the Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Within 30 days of such termination, place such Equipment in a reasonable storage place within 20 miles of Chicago, Illinois on Lessee's lines of railroad or premises as the Lessor may reasonably designate or, in the absence of such designation, as the Lessee may select within 20 miles of Chicago, Illinois;

(b) Permit the Lessor to store for up to 90 days such Equipment in such reasonable storage place within 20 miles of Chicago, Illinois on the Lessee's lines of railroad or premises without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor. All storage after such period shall be at the risk, expense and liability of Lessor; and

(c) Transport the Equipment within the above 90 day period to any place within 20 miles of Chicago, Illinois on the lines or railroad operated by the Lessee or to any connecting carrier within 20 miles of Chicago, Illinois for shipment, all as the Lessor may direct in writing upon not less than 14 days written notice.

16.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

16.3 Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of the Equipment to the Lessor, to demand and take possession of the Equipment in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of the Equipment.

SECTION 17. ASSIGNMENTS BY LESSOR.

The Lessee and the Lessor hereby confirm that, concurrently with the execution and delivery of this Lease, the Lessor has executed and delivered to the Secured Party the Security Agreement which assigns and grants a security interest to the Secured Party in, to and under this Lease and certain of the rentals and other amounts payable hereunder, all as more explicitly set forth in the Security Agreement. The Lessee hereby acknowledges receipt of an executed copy of the Security Agreement and agrees that the sums payable by the Lessee hereunder which have been assigned to the Secured Party under the Security Agreement shall be paid to or upon the written order of the Secured Party; provided that until receipt of any such written order the Lessee may make all such payments in accordance with the provisions of Section 2.2 hereof. Without limiting the foregoing, the Lessee further acknowledges and agrees that, so long as the Note (referred to in Section 1.1) secured by the Security Agreement remains unpaid, (a) the rights of the Secured Party in and to the sums payable under this Lease which are assigned to the Secured Party under the Security Agreement shall not, except as otherwise expressly provided in this Lease, be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever. It is the intent hereof that, except as aforesaid, the Lessee shall be unconditionally and absolutely obligated to pay the Secured Party all of the rents and other sums which are the subject matter of the assignment, and (b) except as otherwise provided in the Security Agreement, the Secured Party shall, if an Event of Default or a Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges, and

remedies (either in its own name or in the name of the Lessor for the use and benefit of the Secured Party) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

It is understood and agreed that the right, title and interest of the Secured Party in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

The Lessor hereby covenants that it shall give the Lessee a minimum of two weeks prior written notice of Lessor's intent to assign this Lease (other than that assignment to the Secured Party) and that it shall furnish copies of this Lease and any amendment thereto, if any, to each prospective assignee and to the Secured Party prior to the execution of such assignment.

SECTION 18. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

18.1 Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Secured Party (which consent will not be unreasonably withheld), the Lessee shall not (except as provided in Section 18.3 hereof) assign or transfer its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor and the Secured Party (which consent will not be unreasonably withheld), part with the possession or control of, or suffer to allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 18.2 hereof.

18.2 Use and Possession. The Lessee may, without the prior consent of the Lessor and Secured Party, sublease the Equipment (which sublease by its terms shall be subject to the rights and remedies of the Lessor and the Secured Party hereunder) to responsible sublessees each for a term of six months or less. The Lessee shall also have the right, upon receipt of the prior written consent of the Lessor and the Secured Party (which consent will not be unreasonably withheld), to sublease the Equipment for a term which exceeds six months. In no event shall any assignment or sublease entered into by the Lessee hereunder relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained in this Section 18 to the contrary notwithstanding, the Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any unit of Equipment to, or permit the use by any sublessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

18.3 Merger, Consolidation or Acquisition of Lessee.

Nothing in this Section 18 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed in writing satisfactory to the Lessor and the Secured Party the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees, successors or transferees will not, upon the effectiveness of such merger or consolidation or acquisition of properties, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor. The Lessee agrees to give the Lessor and the Secured Party prior written notice of any such merger, consolidation or acquisition.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to (i) prime interest rate per annum charged by the First National Bank of Chicago, plus 2%, times (ii) the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. MISCELLANEOUS.

20.1 Lessor's Representations, Warranties and Indemnities.

Notwithstanding the execution of this Lease or anything herein to the contrary, the representations, warranties, indemnities and other obligations of the Lessor under the Letter Agreement referred to in Section 1.1 and of the general partners who executed the Letter Agreement, are and will continue in full force and effect, and the Lessor hereby confirms, restates and incorporates herein, as if fully set forth herein, the representations, warranties, indemnities and other obligations of the Lessor set forth in the Letter Agreement.

20.2 Events Prior to Lessee's Acceptance of Equipment.
Notwithstanding anything contained in this Lease to the contrary, the Lessee expressly does not assume any liabilities or obligations, nor shall the Lessee be required to pay, satisfy or discharge any claims, liens or charges which in whole or in part arose prior to, or as a result of events occurring prior to, the date of the Lessee's acceptance of the Equipment under this Lease. The Secured Party (by entering into the Security Agreement) and the Lessor each agrees that it shall have recourse only against the Rock Island Trustee or parties other than the Lessee and further waives all recourse against the Equipment for the correction of any existing default under the Prior Lease or the Note referred to in Section 1.1 (or under any other document or instrument) or any claim, lien, or charge arising prior to, or as a result of events occurring prior to, the date of the Lessee's acceptance of the Equipment hereunder.

20.3 Lessee Not Liable for Loss of Tax Benefits. The Lessee expressly does not assume any liability for, nor shall the Lessee be required to indemnify or pay the Lessor or any of its general or limited partners or any other person for, the loss of any tax benefits contemplated by this Lease, irrespective of the cause of such loss.

20.4 Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mail, first class, postage prepaid, addressed as follows:

If to the Lessor:

A.H. Smith 1914 →

Marble Associates
c/o Leasing Consultants
535 North Michigan Avenue
Chicago, Illinois 60611
Attention: Arthur Heim

If to the Lessee:

Chicago and North Western
Transportation Company
400 West Madison Street
Chicago, Illinois 60606

Attention: Vice President
Finance

If to the Secured Party:

First National Bank of Blue
Island
13057 South Western Avenue
Blue Island, Illinois 60406
Attention: James Juric
Vice President

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

20.5 Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, make advances to perform the same and to take all such action as in the Lessor's opinion may be necessary to obtain such performance. All payments so made by the Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder, plus interest, if any, as provided in Section 19 hereof.

20.6 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.7 Law Governing. This Lease shall be construed in accordance with the laws of the state of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.8 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.9 Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

20.10 Calculation. All interest and fee payments shall be calculated for actual elapsed days on the basis of a 360-day year.

20.11 Time of the Essence. Time is of the essence within the terms and provisions of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

MARBLE ASSOCIATES
an Illinois Limited Partnership

By Arthur H. Heine
General Partner

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By Tommy J. [Signature]
Vice President [Signature]

ATTEST:

[Signature]
Assistant Secretary

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

SS

On this 11th day of June, 1985, before me personally appeared Arthur Heim to me personally known, who being by me duly sworn, did say that he is a General Partner of MARBLE ASSOCIATES, an Illinois Limited Partnership, and that the foregoing instrument was signed on behalf of said partnership; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.



Sylvia C. Heim
Notary Public

My commission expires: May 26, 1988

STATE OF ILLINOIS

COUNTY OF COOK

SS

On this 20 day of June, 1985, before me personally appeared T.A. Tingleff to me personally known, who being by me duly sworn, did say that they are a Vice President and Assistant Secretary respectively, of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY and that the foregoing instrument was signed and sealed by them in their respective capacities therein set forth on behalf of said corporation by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mark J. Jelske
Notary Public

My commission expires:

My Commission Expires Apr. 17, 1989

SCHEDULE A

| | <u>Unit No. 1</u> | <u>Unit No. 2</u> |
|---------------------------|---|---|
| Manufacturer: | Pettibone | Holmes |
| Quantity and Description: | one used 100-ton high rail rerail- ing crane, Model 200 RRC, Serial No. 21936 | one used 75-ton high rail rerailing crane, Model 75 RC, Serial No. 21904 |
| Lessee's System No. | CNW 17-3460 | CNW 17-3459 |

SCHEDULE B

Dated:

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: MARBLE ASSOCIATES, as Lessor,

I, _____, the duly authorized representative of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad") for the purpose of Section 1.2 of the Equipment Lease (the "Lease") dated as of August 1, 1980 between MARBLE ASSOCIATES, an Illinois Limited Partnership (the "Lessor") and the Railroad, DO HEREBY CERTIFY that the units of railroad equipment described in Schedule A attached hereto (the "Equipment") have been inspected on behalf of the Railroad and that all units of the Equipment were delivered to the Railroad under the Lease and have been accepted by me on behalf of the Railroad.

Dated:

Authorized Representative
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

SCHEDULE C

SCHEDULE OF CASUALTY VALUE

The Casualty Value for each unit of Equipment payable on any rental payment date shall mean the amount for such unit set forth opposite such date in the following schedule:

| <u>Number of rental payment date on which Casualty Value is paid</u> | <u>Pettibone Unit Casualty Value</u> | <u>Holmes Unit Casualty Value</u> |
|--|--|---------------------------------------|
| 1 | \$ 273,000 | \$ 252,000 |
| 2 | 264,482 | 244,138 |
| 3 | 255,965 | 236,275 |
| 4 | 247,447 | 228,413 |
| 5 | 238,930 | 220,550 |
| 6 | 230,412 | 212,688 |
| 7 | 221,894 | 204,826 |
| 8 | 213,350 | 196,938 |
| 9 | 204,832 | 189,076 |
| 10 | 196,314 | 181,213 |
| 11 | 187,797 | 173,351 |
| 12 | 179,279 | 165,488 |
| 13 | 170,762 | 157,626 |
| 14 | 162,217 | 149,738 |
| 15 | 153,699 | 141,876 |
| 16 | 145,181 | 134,014 |
| 17 | 136,664 | 126,151 |
| 18 | 128,146 | 118,289 |
| 19 | 119,629 | 110,426 |
| 20 | 116,544 | 107,579 |
| 21 | 102,566 | 94,676 |
| 22 | 94,049 | 86,814 |
| 23 | 85,531 | 78,952 |
| 24 | 77,013 | 71,089 |
| 25 | 68,496 | 63,227 |
| 26 | 59,951 | 55,339 |
| 27 | 51,433 | 47,477 |
| 28 | 42,925 | 39,623 |

L/T/11 52-85

CHICAGO AND



TRANSPORTATION COMPANY

14760

RECORDATION NO. 14760 Filed 1425

CORPORATE COMMUNICATIONS AND SECRETARY

DIRECT DIAL NUMBER

312/559-6167

AUG 5 1985 12:21 PM

INTERSTATE COMMERCE COMMISSION

August 2, 1985

No. 5-217A081
AUG 5 1985

Date

Fee \$ 30.00

AUG 5 1985 12:21 PM

INTERSTATE COMMERCE COMMISSION ICC Washington, D.C.

Mr. James H. Bayne, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

AUG 5 1985 12:21 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Equipment Lease covering two (2) used high rail rerailling cranes and Assignment of Lease both dated August 1, 1980, and Agreement dated July 1, 1981 which amends the Equipment Lease.

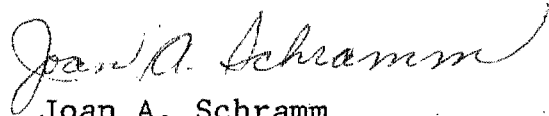
The names and addresses of the parties to these transactions are as follows:

1. Equipment Lease between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.
2. Assignment of Lease between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and First National Bank of Blue Island, 13057 South Western Avenue, Blue Island, Illinois 60406 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.
3. Agreement between Marble Associates, c/o Leasing Consultants, Suite 1914, 535 North Michigan Avenue, Chicago, Illinois 60611 and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606.

Mr. James H. Bayne
August 2, 1985
Page Two

Enclosed are three checks for \$10.00 each to cover your recording fees. Please record these documents in the order shown above, assigning a sequential recordation number. Kindly keep one copy of each for your files and return the remaining counterparts to me each showing recordation data.

Sincerely,



Joan A. Schramm
Assistant Secretary

Enclosures

cc: R. D. Smith
R. F. Guenther
M. R. Jeske
D. E. Stockham, Attn: P. J. Brod
Arthur Andersen & Co.,
Attn: P. Keglevic

D6/22rb